

Update on city budget cuts

Mayor Kelly's office, the City Council and department directors have been working since the beginning of January to prepare for expected cuts to Saint Paul's Local Government Aid as part of a plan to balance the state's budget for fiscal years 2004 and 2005. On Feb. 18, Gov. Tim Pawlenty proposed a plan that would cut \$13 million of Saint Paul's LGA payments expected in July and December, and \$33 million of the payments scheduled for 2004.

Mayor Kelly has worked closely with department directors and the City Council to deal with these cuts. He believes that reducing spending now is essential to avoid very significant layoffs or dramatic service disruptions later this year and next year. Moreover, the city has no reason to believe from the state's recent forecast that Minnesota's economy or state revenues will improve significantly.

Earlier in March, the City Council approved the first step in preparing for these budget realities, resulting in \$13 million of cuts to nearly every department in the city. Unfortunately, those reductions meant the lay-off of 41 FTE positions and demotions for a number of others.

On March 5, Mayor Kelly met with City Council members to discuss a second round of budget adjustment recommendations that will cover an additional \$11 million of the remaining gap caused by expected state aid cuts. This second phase includes an additional \$4 million in permanent cuts to city departments, a major change to the Neighborhood STAR program, reassignment of some special fund interest earnings and motel tax receipts back to the General Fund, reductions in some library hours, reorganizations affecting a number of departments, and the layoff of about 30 more FTEs.

The City Council has begun considering this latest proposal. The mayor has urged them to act quickly, knowing that these uncertainties take a toll on the workforce and that the sooner the city acts, the less severe the cuts will be this year and next.

There will likely be a third round of cuts. Further cuts will be even more painful, and could well involve significant reductions in city services that are an accepted part of Saint Paul's civic quality of life. Citizens should know that the Administration will continue to communicate with the governor, his administration and state leaders about what these cuts represent to our city and the impact further cuts would have on city services.